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FISCAL IMPACT STATEMENT

LS 7081

BILL NUMBER: HB 1341

NOTE PREPARED: Jan 8, 2009

BILL AMENDED:

SUBJECT: Eliminating Marion County Townships.

FIRST AUTHOR: Rep. Hinkle

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Township Abolition: It abolishes in Marion County, effective January 1, 2011, the offices of township trustee and township board, and transfers all other township duties and responsibilities, including township assistance, cemetery maintenance, weed control, and parks and recreation, to the county.

Social Services: It requires the mayor of the consolidated city to appoint a coordinator of social services to: (1) estimate the amount necessary to meet the cost of township assistance in the county for taxes first due and payable after 2010; and (2) administer township assistance on a countywide basis. It requires the Department of Workforce Development, the county office of the Division of Family Resources, and any other state and local government agency to cooperate with the coordinator in providing assistance.

Transfer of Assets and Indebtedness: It provides that a transfer of duties between the townships and the county results in the transfer of property, equipment, records, rights, contracts (including labor contracts), and indebtedness.

Distributive Shares: It provides that, after 2010, the monthly distributive shares of county option income taxes that would be distributed to a township for which township government is abolished shall instead be distributed as additional distributive shares to Indianapolis/Marion County.

Small Claims Courts: It replaces the nine Marion County township small claims courts with five Marion County small claims courts on January 1, 2011. It abolishes the office of township small claims court constable on January 1, 2011. It requires the mayor of Indianapolis to appoint the five judges of the Marion

County small claims courts for six-year terms.

Included Towns: It provides that, at the general election in November 2011, voters of the included towns may vote on a public question regarding whether their included town should be abolished and the duties and powers of the town transferred to the consolidated city.

Fire Departments: It provides that on January 1, 2011, the fire departments of each township in Marion County are consolidated into the Indianapolis Fire Department. It provides that a firefighter who is a member of the 1937 or 1977 fund remains a member of the same fund after the consolidation. It specifies that after December 31, 2010, the consolidated fire department shall be designated as the metropolitan fire department.

Fire Consolidation Transition Advisory Group: It provides that a fire consolidation transition advisory group is established in the county having a consolidated city. It requires the advisory group to do the following:

- (1) Develop a strategic plan to determine resource requirements and resource deployments for the consolidated fire department.
- (2) Submit recommendations to the executive of the consolidated city and the city-county council regarding the consolidation of fire departments.
- (3) Take steps as necessary to assist the consolidation of fire departments. Requires the executive of the consolidated city to update the strategic plan at least once every three years.

Fire Department Employees: It provides that the employees of a fire department that is consolidated into the fire department of the consolidated city cease employment with the township fire department and, subject to approval of the executive of the consolidated city, become employees of the consolidated fire department on January 1, 2011.

Fire Department Assets and Indebtedness: It provides that a transfer of duties between units of government results in the transfer of property, equipment, records, rights, contracts (including labor contracts), and indebtedness. It provides that in the case of a township that consolidates its fire department, any amounts transferred by the township from the township's rainy day fund to the consolidated city shall be used by the consolidated city as follows:

- (1) The consolidated city shall first use the transferred money to pay any outstanding indebtedness of the township from which the money was transferred.
- (2) The remaining part of the transferred money shall be used to pay the outstanding indebtedness of other townships that consolidate fire departments.
- (3) If money remains after carrying out these purposes, the remaining part of the transferred money shall be used as specified by ordinance of the legislative body of the consolidated city.

Property Tax Levy Limits: It exempts from the property tax levy limits any amounts imposed by the consolidated city or the county to fund former township indebtedness.

Maximum Property Tax Levy: It establishes maximum property tax levies for the county payable in 2011 that reflect the transfer of all township responsibilities to the county. It provides that the maximum levy of a consolidated city for property taxes first due and payable in 2011 is the sum of: (1) the maximum levy of the consolidated city for property taxes first due and payable in 2011; plus (2) the amount equal to the combined property tax levies for property taxes first due and payable in 2010 for fire protection and related services for each entity that consolidates its fire department.

Maximum Property Tax Rate for Fire Protection: It specifies that: (1) the maximum property tax rate imposed for fire protection and related services in a consolidating entity for property taxes payable in 2011 and 2012 may not exceed (but may be less than) the property tax rate imposed for fire protection and related services in the consolidating entity for property taxes payable in 2010; and (2) the property tax rate imposed for fire protection and related services by the consolidated city in 2013 and thereafter shall be a uniform rate.

Township Levy Adjustments: It provides for adjustments in maximum levies to account for the transfer of other township duties.

Township Rainy Day Funds: It provides that a township located in a county containing a consolidated city may not after July 1, 2009, transfer or expend from the township's rainy day fund more than 1% of the balance in that rainy day fund (as of July 1, 2009) in any 12-month period without approval of the fiscal body of the county containing the consolidated city.

Cumulative Building and Equipment Fund for Fire Protection and Related Services: It specifies that the balance in the cumulative building and equipment fund for fire protection and related services of each entity whose fire department is consolidated into the fire department of the consolidated city is transferred to the consolidated city's cumulative building and equipment fund for fire protection and related services.

County Cumulative Firefighting Building and Equipment Fund: It specifies that after December 31, 2009, a county containing a consolidated city may establish a cumulative firefighting building and equipment fund and may impose a property tax levy for the fund beginning with property taxes first due and payable after December 31, 2010.

Township Assistance Transition Advisory Group: It provides that a township assistance transition advisory group is established in Marion County. It specifies that the advisory group consists of the mayor (or the mayor's designee), who shall chair the advisory group, and the trustee of each of the townships in the county. It requires the advisory group to: (1) submit recommendations concerning the transition of responsibility for township assistance; and (2) take steps as necessary to assist the transition.

Budget Submissions: It specifies that if the assessed valuation of a public library is entirely contained within a city or town, the public library shall submit its proposed budget and levy to the city or town fiscal body (rather than to the county council) for review and approval. It specifies that if the assessed valuation of a taxing unit with an unelected governing body is entirely contained within an excluded city or town in Marion County, the governing body of the taxing unit shall submit its proposed operating and maintenance budget and tax levies to the city or town fiscal body (rather than to the city-county legislative body) for approval.

Conforming Amendments: It makes conforming amendments. It also repeals provisions concerning the nine Marion County township small claims courts.

Effective Date: July 1, 2009; January 1, 2011.

Explanation of State Expenditures: The state Department of Workforce Development and the county office of the Division of Family Resources are to cooperate with and assist the social services coordinator in carrying out the coordinator's duties.

Explanation of State Revenues: If an included town is consolidated with a county, any unexpended Motor Vehicle Highway Account distributions transfer to the Motor Vehicle Highway Account.

Explanation of Local Expenditures: Summary- The bill has indeterminate fiscal impact on Marion County. The bill does not delete or diminish any responsibilities or administrative functions currently assigned in statute to township trustees, township boards, township small claims courts, or other entities but rather transfers the responsibilities to the county. Fire protection services are transferred to the county from townships and fire protection districts. Residents of an included town may vote to abolish the included town and transfer duties to the county as well. If the county can perform or contract for the performance of the duties and administrative functions of the townships or other consolidating entity more efficiently, cost savings will result.

Abolishing Townships: Township government in Marion County is abolished, and its duties and powers are conveyed to the county beginning on January 1, 2011. Township trustees and township boards are abolished, and all functions, duties, and responsibilities of the township trustee and board are transferred to the county. The assets, property rights, equipment, records, personnel, and contracts transfer to the county, as well. The following actions occur to abolish township government:

Funds Transfers: Township debt service fund balances transfer to the county to pay any indebtedness or lease rental obligation for which the fund was established. Any remaining balance in the fund after debt is paid transfers to the county general fund. The township general fund balances transfers to the county, and the township assistance fund balances transfer to the county township assistance fund. Counties pay expenses for township cemeteries from the cemetery fund for a county having a consolidated city.

After July 1, 2009, a township may not transfer or expend over 1% of a township's rainy day fund balance without approval from the fiscal body of the county. Also, the townships may not enter into contracts that extend beyond December 31, 2010.

Township Assistance: The county executive is to appoint a social services coordinator to estimate the amount needed for township assistance in the following year and to administer township assistance on a countywide basis. The social services coordinator will have the same privileges and immunities as township trustees, and lawsuits concerning townships assistance will be conducted in the name of the county. The social services coordinator is to have the same powers in administration of township assistance as the township trustee has including reporting requirements, and the same standards and requirements for recipients apply to township assistance administered by the county. Any application for township assistance for which a final decision has not been entered by December 31, 2010, will be treated as a new application. Any application granted but not disbursed prior to January 1, 2011, is to be disbursed and administered by the county.

The township assistance transition advisory group, which is chaired by the executive of the consolidated city and consists of each township trustee in the county, is established. The advisory group is abolished January 1, 2011.

Detrimental Plants: Duties concerning detrimental plants are conferred and imposed on the county for property in the county. The county legislative body will act to borrow money to meet emergency needs. Any fines collected for a Class C infraction concerning detrimental plants are to be placed in the appropriate county fund. The weed control board will include the county official responsible for the destruction of detrimental plants rather than township trustees.

Township Planning: For preparation or revision of a township comprehensive plan, an advisory committee of citizens interested in the problems of planning and zoning for each township will be enacted

by ordinance.

Marion County Small Claims Courts: The bill eliminates the current township small claims courts and instead establishes five small claims courts in the Marion County. The mayor appoints the judges to a six-year term of office, and no more than three may be members of the same political party. In addition to being a U.S. citizen and a Marion County resident, a judge must be admitted to the practice of law in Indiana. The mayor will determine the location of the five small claims courts, but one court is located in the township with the largest population. Also, if a judge is unable to preside over the small claims court for any number of days, the mayor, rather than the judge, will appoint a person to preside in place of the judge.

Judge Salaries: Judge salaries are to be set by the city-county council, payable on a schedule determined by the council. The council will also set the salary of as many small claims court clerks as are necessary to operate efficiently and adequately serve the citizens. Current law sets a floor of \$5,600 for clerk salaries.

Court Fees: Court fees will remain unchanged. However, the fees will be deposited in the county general fund, and the county auditor, rather than the court, will make the distributions of the various fees. Fees collected for court administration and judicial salaries that are to be deposited in the county general fund will be used to offset the operating expenses of the small claims courts with any remainder used for public safety programs as to be determined by the city-county council.

Constables: The office of constable of the small claims court is abolished. Instead, the division of the sheriff's department responsible for serving civil processes will service processes for the small claims court. Constables are currently paid from the service of process fee, which is \$13, whether delivered in person or by certified mail.

In 2007, Marion County small claims courts generated a total of \$4.9 M, including \$1.6 M in state funds, \$100,000 in county funds, and \$3.2 M in local funds. The local funds would instead go to the county under the bill. Additionally, in 2007, Marion County small claims court received \$579,000 for serving process by certified mail and \$1.5 M for service of process by personal service. These amounts are paid directly to the constables.

Fire Department Consolidation: The consolidated fire department will include the fire departments of the townships and the fire protection districts. Excluded city fire departments are not part of the consolidated fire department.

The fire consolidation transition advisory group, which consists of the chief of the consolidated city fire department as chair and one member appointed by each township trustee of a township that has not consolidated its fire department, is to develop a strategic plan to determine the resource requirements and deployments, taking into consideration the *Fire Department Consolidation Staffing Committee Report* prepared by the Indianapolis Metropolitan Professional Firefighters Association Local 416. After the group is abolished on January 1, 2011, the consolidated city executive is to update the strategic plan at least once every three years.

An independent evaluation and performance audit of the consolidated fire department will study the amount of any cost savings, operational efficiencies, or improved service levels and any tax shifts among taxpayers. The evaluation is due March 1, 2011, and on March 1 of each of the following two years.

Assignment of Property and Debt: The consolidated fire department is to assume or receive the personnel, agreements with labor organizations, indebtedness related to fire protection services, and merit board duties. The consolidated city is to assume the powers, duties, agreements, and liabilities of bonds or other indebtedness. Any property, equipment, records, rights, and contracts are to be conveyed to the consolidated fire department.

In addition, all township fire-related debt is to be assigned to the consolidated city. Under the bill, the city may not assume any amount of debt that would cause the consolidated city's total debt to exceed the current 2% debt limit, which equals 2% of 1/3 of the consolidated city's assessed valuation. The 2007 total township fire-related debt levy was \$4.2 M.

Pensions: After a consolidation, members of the 1937 Fund are to remain members of the 1937 Fund and members of the 1977 Fund are to remain members of the 1977 Fund. This should result in no fiscal impact.

Included Towns: If voters in an included town vote to abolish the town in the November 2010 general election, the included town is abolished and all property, assets, funds, equipment, records, rights, contracts, obligations, and liabilities transfer to the consolidated city. Employees will become employees of the consolidated city, and all agreements with labor organizations will transfer as well. Indebtedness of an included town that is located in both a county with a consolidated city and another county is to be divided proportionately between the two counties based on the town's assessed valuation.

The 2007 levy is shown below for the 11 included towns in Marion County.

<u>Civil Town</u>	<u>2007 Certified Levy Amount</u>
Clermont	\$480,321
Crows Nest	NA
Cumberland	783,266
Homecroft	81,406
Meridian Hills	178,210
North Crows Nest	NA
Rocky Ripple	25,867
Spring Hill	0
Warren Park	5,517
Williams Creek	74,919
Wynnedale	<u>11,070</u>
Total:	\$1,640,576

Explanation of Local Revenues: *County Township Assistance Fund:* The county social service coordinator is to estimate the cost of township assistance in the county for the following year, and the county legislative body is to adopt a uniform county tax rate to meet the estimated costs. The taxes levied for township assistance are to be placed in the fund and the money in the fund is to be used to pay the expenses and obligations set forth in the annual budget. Drugs and vaccines provided to indigents are to be paid through

the county's township assistance fund. Money in the fund at the end of the year does not revert to the county general fund.

County Cemetery Tax: The county may levy a county cemetery tax to create a fund to maintain cemeteries in assistance of a cemetery association. If the tax is not levied or is insufficient, the county general fund may be used.

Fire Fighting Maximum Levies: Under this proposal, the maximum levies for fire services would be transferred from the townships to the consolidated city in 2011. The amount of the transfer would be equal to the 2010 township firefighting levy. The total estimated levy authority transfer from the seven townships with firefighting levies is estimated at \$54.5 M.

The maximum tax rate that the city could impose in a consolidating township in 2011 and 2012 may not exceed that township's 2010 firefighting tax rate. Beginning in 2013, the consolidated city's firefighting tax rate would be uniformly applied in the townships.

Township and Other Fire Department Maximum Levies: The bill would increase the consolidated city's maximum levy by the amount of the fire fund maximum levy of each entity that joins the consolidated fire department.

Cumulative Fire Building Fund Levies: Any balance in the township building and equipment fund for fire protection and related services is to transfer to the county and may be used by the consolidated city for funding land, building, and equipment for fire protection and emergency services. The bill would establish a cumulative fire building fund in the consolidated city. Cash balances remaining in the joining entities' fire cumulative funds on the consolidation date would be transferred to the consolidated city's cumulative fire fund.

Rainy Day Funds: For a township that consolidates its fire department and transfers a rainy day fund balance to the consolidated city, the consolidated city must first use the funds to pay outstanding indebtedness of that township, then to pay the outstanding indebtedness of any other consolidating township, and then as specified by the legislative body of the consolidated city. The balance in the township rainy day funds was approximately \$700,000 on December 31, 2006.

Maximum Property Tax Levies and Other Tax Distributions: The maximum general levy for ad valorem property taxes first due and payable in 2011 is the sum of the maximum general levy of the county and the combined maximum general levies of all the townships. Distributive shares of taxes other than property taxes, such as local option income tax, financial institutions tax, and motor vehicle excise tax, will transfer to the county.

The county is to assume township indebtedness or lease rental obligations for fire services and may levy property taxes in any area of the county where the county provides firefighting and emergency services. The county may not assume indebtedness that will exceed the limitations on the amount of indebtedness the county may incur. If the consolidated city cannot incur the indebtedness, the entity that incurred the debt is to remain in existence to impose the tax levy necessary to pay the indebtedness.

For ad valorem property taxes first due and payable in 2011, the maximum firefighting levy is the combined levies for all of the townships, but not areas that are part of a fire protection district or territory. The county executive may adopt an ordinance to impose fees for ambulance services provided by a county fire

department.

Included Towns: The county (or the county with a consolidated city and another county) is to assume the included city indebtedness and may levy property taxes to pay the debt in any area of the county. The county may not assume indebtedness that will exceed the limitations on the amount of indebtedness the county may incur. If the consolidated city cannot incur the indebtedness, the included town is to remain in existence to impose the tax levy necessary to pay the indebtedness.

Maximum Levy: The maximum tax levy for property taxes first due and payable in 2011 is the maximum levy for the county for property taxes first due and payable in 2011 plus an amount equal to the combined property tax levy of the consolidating entities for taxes first due and payable in 2010.

State Agencies Affected:

Local Agencies Affected: Marion County.

Information Sources: State Court Administrator, *2007 Revenue Generated by Marion County Small Claims Courts*; State Board of Accounts, *Perry Township Financial Compliance Report, December 31, 2004 to December 31, 2005, Franklin, Lawrence, Pike, Washington, and Wayne Township Financial Compliance Reports, December 31, 2005 to December 31, 2006; Decatur and Warren Township Financial Compliance Reports, December 31, 2006 to December 31, 2007*

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